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SUBJECT: MFA ON "SIGNIFICANT" SHIFT IN RUSSIA-BELARUS
RELATIONS

REF: MOSCOW 4284

¶1. (C) Summary: Newly installed MFA Belarus Section Chief Nikita Matkovskiy told us that since Russia began to "put in order" its relations with Belarus in 2006, Russia has observed "serious but necessary" changes in the behavior of the Lukashenko regime. Matkovskiy underscored Russia's determination to force the Lukashenko regime to honor its contractual commitments to Russia, noting that Lukashenko will no longer be able to turn to the Kremlin to delay or reduce those commitments. However, Matkovskiy was equally clear in his comments on Russia's continued interest in maintaining a "special relationship" with the Lukashenko regime and on Russia's evolutionary (as opposed to revolutionary) approach to Belarus. Matkovskiy dismissed alleged statements from the Russian ambassador in Belarus about Russian nuclear weapons being deployed to Belarus as a "misinterpretation." End Summary.

There Is A Special Relationship, But...

¶2. (C) On August 31, new MFA Belarus Section Chief Nikita Matkovskiy told us in unequivocal terms that Russia and Belarus will always have a "special and intense" relationship. He noted that despite the increase in energy prices and a "market-based approach" to trade relations, Belarus still enjoys unique privileges and access to the Russian market. However, Matkovskiy pointed out that beginning in 2006 Russia initiated "a significant transformation" of its bilateral relationship with Belarus and "remains committed to the new course."

¶3. (C) Matkovskiy explained that for years Belarus failed to honor "its political and contractual obligations" to Russia, while Russia "faithfully" upheld its end of the bargain. In Spring 2006 the decision was made to "put in order" its relations with Belarus and, "whether it liked it or not," wean the country off of Russian largesse. Matkovskiy stressed that Russia's new approach to Belarus is gradual and not aimed at causing economic or political instability. Rather, Russia believes it is "helping" Belarus slowly integrate into the global economy.

Tough Love Part of the New "Modus Operandi"

¶4. (C) When asked to what extent Russia was prepared to watch the Lukashenko regime suffer under the pressure of higher energy payments, Matkovskiy noted that Belarus is currently facing a serious budget crunch and depletion in its currency reserves, and yet there are no GOR plans to bail Lukashenko out. He cited as an example of the "new modus operandi" Lukashenko's attempts to postpone or reduce Belarus' payment to Gazprom for gas received in the first half of 2007. Matkovskiy revealed that Lukashenko sought a private meeting with Putin in this regard, but Lukashenko was

told to direct his grievances to the leadership of Gazprom, underscoring that the dispute was an exclusive concern of the "involved economic entities" (Gazprom and Belarusian gas monopoly Beltransgaz). In the end, Matkovskiy claimed Lukashenko was forced to pay Gazprom from his presidential stabilization fund.

Economic Reform Is Inevitable, Maybe Even Political Reform?

¶5. (C) Matkovskiy argued that the new terms of agreement between Russia and Belarus should serve as sufficient incentive for the latter to undertake economic reforms. According to Matkovskiy, Belarus recently sold its large mobile telephone company, Velcom, to a Cypriot company in a secret and last-minute deal worth USD 700 million.

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Apparently, Belarus had to complete the deal quickly to help avoid a collapse in the currency market. Matkovskiy stated that the absence of a tender or open competition prior to the sale is not the way modern governments conduct business, but at least the GOB understands that tough choices will have to be made if it is to adapt to Russia's new terms of agreement.

¶6. (C) Matkovskiy noted that economic reform in Belarus could even lead to political reform. When asked about the type of political reform Russia envisioned for Belarus, Matkovskiy restricted his comments to vague references of how inevitable economic reform could have a positive impact on Belarus' "atypical human rights situation and legislative system."

Personal Relationship Between Presidents

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¶7. (C) On Putin's personal relationship with Lukashenko, Matkovskiy was quick to deny there was mutual animosity. However, he conceded that there have been no presidential-level meetings in 2007 (outside of brief encounters in multilateral fora), in contrast to five such meetings in 2006. Matkovskiy offered as possible explanations for the sharp reduction in personal contact the lack of urgency for these meetings and Putin's decision not to engage Lukashenko on purely economic issues. Prior to 2007, Matkovskiy explained, most of the discussions between Putin and Lukashenko focused on Russia's economic support of Belarus - "not anymore." Matkovskiy added that Belarus and Russia are strategic partners for a variety of reasons, but not because of a close relationship between Putin and Lukashenko.

Russian Ambassador Surikov's Remarks "Taken Out of Context"

¶8. (C) Matkovskiy categorically denied that Russia is considering deploying part of its nuclear arsenal to Belarus, stressing that such a step is fundamentally at odds with the GOR position that a country's nuclear weapons should remain on its own territory. (Note: FM Lavrov made similar statements in an August 29 meeting with Senator Lugar. See reftel. End note.) Matkovskiy maintained that after the MFA examined the transcript of the interview, it was determined that Russian Ambassador to Belarus Surikov was misquoted and "is not in any danger of disciplinary action."

Comment

¶9. (C) Like most of our MFA contacts, Matkovskiy went to great lengths to accentuate the positive aspects of Russian-Belarusian relations, but he was unusually open about Russia's frustrations with and plans for the Lukashenko regime. It could be that Matkovskiy, who has been on the job

for only a few weeks, is too new to know any better. However, Russia's undoubtedly tougher handling of Belarus this year is consistent with the GOR's general approach in the former Soviet space to elevate market relations above past historical and political ties. That said, we have yet to see any indications of Russian interest in removing Lukashenko, which it believes is tantamount to fomenting political instability in a key transit state for Russian energy supplies to the West. Stability in neighboring states continues to play a decisive role in Russia's foreign policy, particularly as the Kremlin shifts more attention to preparing for the parliamentary and presidential elections.

Burns